

PERMIT TO ALTER A BODY OF WATER

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01, specifically Section(s) 39, 48

Date: **APRIL 07, 2021**

File No: **525**
Permit No: **ALT11699-2021**

Permit Holder: **Exploits Discovery Corp.**
1100-595 Howe Street
Vancouver, BC
V6C 2T5
iherbranson@exploits.gold

Attention: **Mr. Ian Herbranson**

Re: **True Grit Property - Drilling within Wetlands**

Permission is hereby given for : **the exploratory drilling of two (2) holes within wetlands in True Grit Property, northeast of Millertown - Head of Bay D'Espoir for mineral exploration purposes in connection with mineral exploration approval E210031, in reference to the application received on March 30, 2021 and additional information received on March 31, 2021.**

- This Permit does not release the Permit Holder from the obligation to obtain appropriate approvals from other concerned municipal, provincial and federal agencies.
- The Permit Holder must obtain the approval of the Crown Lands Administration Division if the project is being carried out on Crown Land.
- This Permit is subject to the terms and conditions indicated in Appendices A and B (attached).
- It should be noted that prior to any significant changes in the design or installation of the proposed works, or in event of changes in ownership or management of the project, an amendment to this Permit must be obtained from the Department of Environment, Climate Change and Municipalities under Section 49 of the *Water Resources Act*.



(for) MINISTER

APPENDIX A
Terms and Conditions for Permit

General Alterations

1. Any work that must be performed below the high water mark must be carried out during a period of low water levels.
2. Any flowing or standing water must be diverted around work sites so that work is carried out in the dry.
3. Water pumped from excavations or work areas, or any runoff or effluent directed out of work sites, must have silt and turbidity removed by settling ponds, filtration, or other suitable treatment before discharging to a body of water. Effluent discharged into receiving waters must comply with the *Environmental Control Water and Sewage Regulations, 2003*.
4. All operations must be carried out in a manner that prevents damage to land, vegetation, and watercourses, and which prevents pollution of bodies of water.
5. All vehicles and equipment must be clean and in good repair, free of mud and oil, or other harmful substances that could impair water quality.
6. Wood preservatives such as penta, CCA or other such chemicals must not be applied to timber near a body of water. All treated wood or timber must be thoroughly dry before being brought to any work site and installed.
7. Any areas adversely affected by this project must be restored to a state that resembles local natural conditions. Further remedial measures to mitigate environmental impacts on water resources can and will be specified, if considered necessary in the opinion of this Department.
8. The bed, banks and floodplains of watercourses, or other vulnerable areas affected by this project, must be adequately protected from erosion by seeding, sodding or placing of rip-rap.
9. All waste materials resulting from this project must be disposed of at a site approved by the Department of Digital Government and Service NL.
10. Periodic maintenance such as painting, resurfacing, clearing of debris, or minor repairs, must be carried out without causing any physical disruption of any watercourse. Care must be taken to prevent spillage of pollutants into the water.
11. Sediment and erosion control measures must be installed before starting work. All control measures must be inspected regularly and any necessary repairs made if damage is discovered.
12. The attached Completion Report (Appendix C) for Permit No. 11699 must be completed and returned to this Department upon completion of the approved works. Pictures must be submitted along with the completion report, showing the project site prior to and after development.
13. This Permit is valid for two years from the date of issue. Work must be completed by that date or the application and approval procedure must be repeated.
14. The location of the work is highlighted on the Location Map for this Permit attached as Appendix D.
15. All work must be carried out within the Permit Holder's legal property boundaries.

Special Conditions

16. In case of drilling on the ice cover of the said bodies of water, a dyke or other suitable device must be placed around the immediate perimeter of the ice hole and around the perimeter of the drilling area to prevent any fluid, fuel or other foreign substance from entering the water or spreading across the ice surface.

17. Diamond drilling or trenching operations can not be undertaken without a valid Water Use Licence/Permit.
18. Mineral lands exploration approval E210031 will expire on March 6, 2022.

Exploration

19. All drill rigs, pumps, generators, other motorized equipment and associated fuel tanks shall have metal trays, absorbent pads or impervious liners under them to catch and contain in excess of 110 % of the aggregate volume of any fuel, lubricant and oil.
20. All silt, sludge, sediment, cuttings, drilling additives, and drilling mud must be collected, properly disposed of and not permitted to flow freely over the ground into any receiving waterbody (including wetlands). A layered risk mitigation approach is required.
21. The primary layer of risk mitigation, where physical conditions allow, shall consist of the construction of a temporary sump pit. The temporary sump pit shall be constructed on the down-slope side of the drill pad to collect discharge waters and to allow solids to settle out. In areas where it is physically impossible to dig a sump pit, a settling tank will be required. Performance of the sump pit or settling tank during operations and after heavy rainfall events should be monitored on an hourly basis and any issues reported to the Water Resources Management Division of this Department.
22. The second layer of risk mitigation shall consist of sediment traps to intercept water that may flow from the sump pit or settling tank, such as the use of constructed bales of hay or straw stacked in place used in conjunction with silt fencing. Sediment traps should be checked after heavy rain events to repair any damage and to remove accumulated sediment.
23. Should an accumulated mass of material from the drilling activity be collected by either the primary or secondary risk mitigation layer, the accumulation shall be excavated and deposited in the sump pit prior to rehabilitation.
24. Unless listed above, all conditions outlined in the **Environmental Guidelines for Construction and Mineral Exploration Companies**, must be strictly adhered to.
25. Diamond drilling or trenching operations can not be undertaken without a valid Water Use License/Permit.

APPENDIX B

Special Terms and Conditions for Permit

1. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall keep all systems and works in good condition and repair and in accordance with all laws, by-laws, directions, rules and regulations of any governmental authority. The Permit Holder or its agent(s), subcontractor(s), or consultant(s) shall immediately notify the Minister if any problem arises which may threaten the structural stability of the systems and works, endanger public safety and/or the environment or adversely affect others and/or any body of water either in or outside the said Project areas. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall be responsible for all damages suffered by the Minister and Government resulting from any defect in the systems and works, operational deficiencies/inadequacies, or structural failure.
2. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall operate the said Project and its systems and works in a manner which does not cause any water related and/or environmental problems, including but not limited to problems of erosion, deposition, flooding, and deterioration of water quality and groundwater depletion, in or outside the said Project areas. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall be responsible for any and all damages associated with these problems caused as a result of changes, deficiencies, and inadequacies in the operational procedures by the Permit Holder or its agent(s), subcontractor(s), or consultant(s).
3. If the Permit Holder or its agent(s), subcontractor(s), or consultant(s) fails to perform, fulfil, or observe any of the terms and conditions, or provisions of this Permit, as determined by this Department, the Minister may, without notice, amend, modify, suspend or cancel this Permit in accordance with the *Water Resources Act*.
4. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) indemnify and hold the Minister and Government harmless against any and all liabilities, losses, claims, demands, damages or expenses including legal expenses of any nature whatsoever whether arising in tort, contract, statute, trust or otherwise resulting directly or indirectly from granting this Permit, systems and works in or outside the said Project areas, or any act or omission of the Permit Holder or its agent(s), subcontractor(s), or consultant(s) in or outside the said Project areas, or arising out of a breach or non-performance of any of the terms and conditions, or provisions of this Permit by the Permit Holder or its agent(s), subcontractor(s), or consultant(s).
5. This Permit is subject to all provisions of the *Water Resources Act* and any regulations in effect either at the date of this Permit or hereafter made pursuant thereto or any other relevant legislation enacted by the Province of Newfoundland and Labrador in the future.
6. This Permit shall be construed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador.

cc: Amir Ali Khan, Ph.D., P.Eng.
Manager, Water Rights, Investigations and Modelling Section
Water Resources Management Division
Department of Environment, Climate Change and Municipalities
P.O. Box 8700
4th Floor, West Block, Confederation Building
St. John's, NL A1B 4J6
akhan@gov.nl.ca

cc: Dave Mercer (Central)
Land Management Specialist
Crown Lands Administration Division
Department of Fisheries, Forestry and Agriculture
davemercer@gov.nl.ca

cc: Andrea Devereaux
Exploration Approvals Geologist
Mineral Lands Division
Department of Industry, Energy and Technology
50 Elizabeth Avenue, P.O. Box 8700
St. John's, NL A1B 4J6
exploration_approval@gov.nl.ca

Appendix C - Completion Report

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01, specifically Section(s) 39, 48

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I (the Permit Holder named above or agent authorized to represent the Permit Holder) do hereby certify that the project described above was completed in accordance with the plans and specifications submitted to the Department of Environment, Climate Change and Municipalities and that the work was carried out in strict compliance with the terms and conditions of the Permit issued for this project.

Date: _____ Signature: _____

This completion report must be completed and forwarded to the following address upon completion of the approved work.

Department of Environment, Climate Change and Municipalities
Water Resources Management Division
PO Box 8700
St. John's NL A1B 4J6

APPENDIX D
Location Map for Permit

